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November 13, 2007

**AGENDA ITEM 5**

**TO: MEMBERS OF THE FINANCE COMMITTEE**

- I. SUBJECT:** Auditor Recruitment and Retention
- II. PROGRAM:** Audit Services
- III. RECOMMENDATION:** Information only
- IV. SUMMARY:**

In accordance with the Finance Committee's direction, the Office of Audit Services performed a review of the competitive environment for auditor recruitment and retention. The review came about because the Office of Audit Services experienced significant staff resource deficiencies due to recruitment difficulties, causing the deferral of a number of planned audits and consulting projects of high assessed risk.

The Office of Audit Services has experienced challenges in recruiting and retaining highly qualified audit staff at several levels. In part, this is due to the same factors experienced by any State agency. The smaller labor pool of the post-baby boomer generation and the necessity to adhere to outdated civil service recruitment practices has hindered all agencies. However, we also found certain factors that disadvantage the Office of Audit Services in recruiting and retaining auditors.

While most State audit classifications are similar to CalPERS audit classes in salary structure, at least two organizations offer higher salaries and other incentives. The results of our comparisons of salaries and incentives, as well as background information and a summary of our current recruitment efforts, are included in Attachment A.

To address the issues identified in the attached report, we plan to enhance recruitment and retention within the Office of Audit Services in collaboration with Human Resources by conducting open exams, continue our campus recruiting and professional networking efforts, pursue incentive and competency differentials, and other initiatives.

**V. STRATEGIC PLAN:**

This item is not a specific product of the strategic plan, but is the result of a special request by the Finance Committee.

**VI. RISKS/COST:**

This is an information item and does not result in any risks/costs. Staff is available to answer any questions that the Finance Committee may have.

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Larry Jensen, Chief  
Office of Audit Services

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Peter H. Mixon  
General Counsel